

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Mark Christopher Auto Center is a business entity engaged in the selling and leasing of new and used automobiles and trucks.

In 2000, during the first semi-annual reporting period of January 1, 2000 through June 30, 2000, Respondent made \$22,474.44 in contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file late contribution reports disclosing its late contributions within 24 hours of making them. In this case, Respondent made two late contributions before the November 2000 election, which it failed to disclose in late contribution reports, thereby committing two violations of the Act.

Additionally, Respondent was required to file a semi-annual campaign statement, commonly known as a “major donor statement” by January 31, 2001, disclosing its contributions during the period July 1, 2000 through December 31, 2000. Respondent timely filed a major donor campaign statement for the first semi-annual reporting period of January 1, 2000 through June 30, 2000. But, Respondent failed to file a second semi-annual major donor statement by the January 31, 2001 due date, disclosing \$20,657.63 in contributions, thus committing another violation of the Act.

For the purposes of this Stipulation, Respondent’s violations are stated as follows:

**COUNT 1:** Respondent failed to disclose a \$5,000 late contribution to “Friends of Jim Brulte” in a properly filed late contribution report, by the October 26, 2000 due date, in violation of Section 84203, subdivision (a).

**COUNT 2:** Respondent failed to disclose a \$7,407.63 late contribution to “Friends of Jim Brulte” in a properly filed late contribution report, by the October 31, 2000 due date, in violation of Section 84203, subdivision (a).

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at California Code of Regulations, Title 2, sections 18109-18996. All regulatory references are to Title 2 of the California Code of Regulations.

COUNT 3: Respondent failed to file a semi-annual campaign statement, by January 31, 2001, for the reporting period July 1 to December 31, 2000, in violation of Section 84200, subdivision (b).

RESPONDENT: Mark Christopher Auto Center

## **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

### **Major Donor Committees**

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

### **Duty to File Late Contribution Reports**

Under Section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election statement. Under Section 84200.7, subdivision (b), for an election held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

### **Duty to File Semi-Annual Campaign Statements**

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

## **SUMMARY OF THE FACTS**

Respondent Mark Christopher Auto Center is a business entity engaged in the selling and leasing of new and used automobiles and trucks. During the first semi-annual reporting period of 2000, Respondent made \$22,474.44 in political contributions, and thereby qualified under Section 82013, subdivision (c) of the Act, as a major donor committee.

### **COUNTS 1-2**

#### **Failure to File Late Contribution Reports**

As a major donor committee, Mark Christopher Auto Center had a duty to file late contribution reports, disclosing, within 24 hours, the late contributions that it made.

Prior to the November 7, 2000 election, Respondent made two late contributions, and failed to file late contribution reports disclosing those contributions. The contributions that it made, and the dates by which they were required to be disclosed, is set forth below:

<b>Count</b>	<b>Contribution Date</b>	<b>Recipient</b>	<b>Amount</b>	<b>Date Report Due</b>
1	October 25, 2000	Friends of Jim Brulte	\$5,000	October 26, 2000
2	October 30, 2000	Friends of Jim Brulte	\$7,407.63	October 31, 2000

By failing to file late contribution reports disclosing two late contributions, as set forth above, Respondent committed two violations of Section 84203, subdivision (a).

### **COUNT 3**

#### **Failure to Timely File a Semi-Annual Campaign Statement**

Respondent had a duty to file a semi-annual campaign statement, covering the reporting period July 1 to December 31, 2000, by January 31, 2001. Respondent failed to timely file a semi-annual campaign statement, by January 31, 2001, in violation of Section 84200, subdivision (b). This failure to file was discovered through operation of the Enforcement Division's Streamlined Late Contribution Enforcement Program. Under this program, Enforcement Division Investigator Jon Wroten reviewed recipient campaign statements filed with the Secretary of State (SOS), which revealed that Respondent Mark Christopher Auto Center made contributions totaling \$20,657.63 during the second semi-annual late reporting period for 2000, but failed to file a semi-annual statement disclosing the contributions.

On February 5, 2002, Investigator Jon Wroten called Respondent by telephone, and left a message on President Mark Leggio's voice mail, advising Mr. Leggio to contact him regarding the filing requirements for major donors. On February 7, 2002, Investigator Wroten received a telephone call from Julie Reynolds, of Respondent Mark Christopher Auto Center, stating that a major donor statement had been completed, and she would fax and mail it to the FPPC.

Respondent Mark Christopher Auto Center forwarded the required major donor statement detailing its contribution activity of July 1, 2000 through December 31, 2000 to the FPPC, where it was received on February 11, 2002, and subsequently forwarded to the SOS for filing.

### **ADDITIONAL INFORMATION**

Respondent Mark Christopher Auto Center is a sophisticated contributor. Respondent has filed major donor filings with the SOS in the past.

### **CONCLUSION**

This matter consists of three counts, which carry a maximum possible administrative penalty of Nine Thousand Dollars (\$9,000).<sup>2</sup>

Regarding Counts 1-2, under the Enforcement Division's Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose late contributions is 15 percent of the amount of the undisclosed contributions. Although this case has been excluded from the program, due to Respondent's additional major donor reporting violation, the late contribution reporting violations in this case do not appear to be especially aggravated, so imposition of a penalty approximating that standard penalty is appropriate.

Regarding Count 3, a single count of failing to file a major donor statement, if handled through the Enforcement Division's Streamlined Major Donor Program, would ordinarily result in a \$400 penalty. However, as this violation took place in the context of additional late contribution reporting violations by Respondent, a penalty higher than the standard streamlined penalty is appropriate. The typical stipulated administrative penalty for the late filing of a semi-annual statement not resolved through a streamlined program has historically ranged from \$500 to \$1,500 per statement. Again, as the violation does not appear to be particularly aggravated, an administrative penalty in the middle of that

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<sup>2</sup> Prior to January 1, 2001, Government Code section 83116 provided that violations of the Political Reform Act were punishable by an administrative penalty of up to \$2,000. Proposition 34, approved by voters in November 2000, repealed those penalties and added the new section 83116, which provides that violations committed on or following January 1, 2001 are punishable by administrative penalties of up to \$5,000 per violation. Because the violations in counts one and two were committed prior to January 1, 2001, the maximum penalty applicable to each violation is \$2,000. The violation in count three, having been committed after January 1, 2001, carries a maximum penalty of \$5,000.

range is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of Three Thousand Five Hundred Dollars (\$3,500).